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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking to Integrate and)
Refine Procurement Policies and Consider Long-)
Term Procurement Plans.)

Rulemaking 13-12-010
(Filed December 19, 2013)

**REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON
COMPANY (U 338-E) ON NINE-POINT IMPLEMENTATION PLAN**

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I.

OVERVIEW AND EXECUTIVE SUMMARY

Pursuant to Assigned Administrative Law Judge (ALJ) David Gamson’s Ruling, dated December 16, 2014 (ALJ’s Ruling), Southern California Edison Company (SCE) hereby submits its reply comments on the Nine-Point Implementation Plan (Nine-Point Plan) described in the ALJ’s Ruling. The twenty parties¹ filing opening comments, including SCE, generally support the Nine-Point Plan. SCE takes the opportunity to respond to several issues raised by different parties:

¹ The nineteen other parties are: (1) California Independent System Operator (CAISO); (2) Pacific Gas & Electric Company (PG&E); (3) San Diego Gas & Electric Company (SDG&E); (4) The Utility Reform Network (TURN); (5) Office of Ratepayer Advocates (ORA); (6) California Large Energy Consumers Association (CLECA); (7) Clean Coalition; (8) California Energy Storage Alliance (CESA); (9) California Environmental Justice Alliance (CEJA) & Sierra Club; (10) California Wind Energy Association (CalWEA); (11) Calpine Corporation (Calpine); (12) Cogeneration Association of California, the Energy Producers and Users Coalition, and the California Cogeneration Council (Combined Heat and Power (CHP) Parties); (13) Independent Energy Producers Association (IEP); (14) Large Scale Solar Association (LSA); (15) National Resources Defense Council (NRDC); (16) NRG Energy; (17) City of Redondo Beach (Redondo Beach), (18) Wellhead Electric Company and Terra-Gen Power (Wellhead/Terra-Gen); and (19) Green Power Institute (GPI).

- SCE concurs with a number of parties filing opening comments that the California Public Utilities Commission (Commission) should adopt the recommendation in the Nine-Point Plan not to consider the need for procurement of new resources in this 2014 LTPP;
- Contrary to assertions of SDG&E, CEJA, and Sierra Club, there is no need for the Commission to offer policy guidance on minimizing Greenhouse Gas (GHG) emissions in this 2014 LTPP. The Commission should wait until the 2016 LTPP to develop such guidance after the State has fully considered the Clean Energy Standard (CES) proposal for reducing GHG emissions;
- With regard to computer modeling recommendations of IEP, TURN, and ORA:
 - The Commission should reject IEP's recommendation to develop a simplified model, because such a model will not appropriately capture the complexities of electric system operation;
 - Further review of additional models, like SERV and REFLEX, as discussed by ORA, would unreasonably expand the scope of the 2014 LTPP;
 - TURN's proposed model validation process does not appear to be significantly different from actions already undertaken in Phase 1A; SCE is willing to work with TURN to improve its understanding of SCE's modeling; and
 - The flexibility tools from the Resource Adequacy (RA) proceedings referenced by TURN may be difficult to harmonize with the tools needed for this proceeding because they have a 1-year horizon and this proceeding looks at a 10-year horizon.

- The Commission should develop a reliability standard for stochastic studies in Phase 1B, as several parties recommend;
- SCE concurs with PG&E and CalWEA that the Commission should develop a renewable integration adder in Phase 1B of the 2014 LTPP.

II.

SCE CONCURS WITH MANY PARTIES SUPPORTING THE NINE-POINT IMPLEMENTATION PLAN PROPOSAL NOT TO CONSIDER THE NEED FOR PROCUREMENT OF NEW RESOURCES IN THIS 2014 LTPP

SCE, SDG&E, PG&E, TURN, ORA, CLECA, GPI, NRDC, and Redondo Beach, all concur with the Nine-Point Plan's proposal not to consider the need for procurement of new resources in this 2014 LTPP.² As SCE noted in its Opening Comments, at p. 2, delay in procurement of new resources is feasible and will provide more time to study certain assumptions with significant uncertainty.

Wellhead/Terragen, Calpine, IEP, and CESA all assert that the Commission should leave open the possibility of authorizing procurement of new system resources in this 2014 LTPP.³ There are, however, key modeling assumptions that impact whether and how much of a need exists. Given that there is time to procure resources if a need exists, there is no need to rush to authorize resources in this 2014 LTPP until the parties better understand these assumptions.

² SCE's Opening Comments, p. 2, SDG&E's Opening Comments, p. 1; PG&E's Opening Comments, p.1, TURN's Opening Comments, p. 1, ORA's Opening Comments, p. 1, CLECA's Opening Comments, pp. 1-2, GPI's Opening Comments, p. 1, NRDC's Opening Comments, pp. 2-3, and Redondo Beach's Opening Comments, p. 2.

³ Wellhead/Terragen's Opening Comments, p. 1, Calpine's Opening Comments, p. 2, IEP's Opening Comments, pp. 2-3, and CESA's Opening Comments, p. 2.

III.

SCE DISAGREES WITH SDG&E, CEJA, AND SIERRA CLUB THAT THE COMMISSION SHOULD DEVELOP POLICY GUIDANCE ON REDUCING GHG EMISSIONS IN THIS 2014 LTPP

SDG&E urges the Commission to give policy guidance to the parties about whether to minimize GHG in future shortfall situations.⁴ CEJA & Sierra Club assert that the Commission should direct parties to model GHG emissions by types of resources and use modeling results to determine the best ways to minimize GHG.⁵ As SCE's Opening Comments note, at pp.2-5, SCE and other entities have been developing a CES to reduce GHG emissions in half from 2012 levels by 2030. Taking action to set guidelines in the 2014 LTPP for GHG emissions reductions is not consistent with broader statewide consideration of the CES in 2015. The Commission should wait to develop policy guidance on reducing GHG emissions until the 2016 LTPP to allow the State time to consider the CES during 2015.

IV.

SCE RESPONDS TO MODELING RECOMMENDATIONS MADE BY IEP, ORA, AND TURN

A. IEP's Simplified Model Approach Will Not Appropriately Capture The Complexities Of Electric System Operation In 2024

IEP suggests that "the Commission should explore the possibilities for developing a simplified model that would speed up the LTPP proceeding and be accessible to more parties."⁶ Development of the current SCE and CAISO models has been a multi-year process incorporating input from a variety of parties. It would be a better use of resources to, as most parties agree,

⁴ SDG&E's Opening Comments, p. 2.

⁵ CEJA & Sierra Club's Opening Comments, p. 5.

⁶ IEP's Opening Comments, p. 5.

continue to refine the existing models. The models are complex and take some effort to understand, but this level of sophistication is needed given the impact of the results in determining procurement for the reliability of the electricity system in the State and the complexity of the problems they seek to solve. Complexity in of itself is not a valid reason to discard what has been developed and to then spend the effort to develop another simplified model. The current models are complex in order to answer complex questions regarding the reliability of the system, not simply for the sake of being complex.

B. Further Review Of SERVIM And REFLEX Models, As Recommended By ORA, Would Unreasonably Expand The Scope Of The 2014 LTPP

Similar to IEP suggesting that a simplified model should be developed, ORA comments on point 8 of the Nine-Point Plan are “parties may wish to undertake their own efforts” as an invitation to bring other models into the discussion.⁷ ORA explicitly refers to the SERVIM model and mentions the REFLEX model.⁸ As discussed above concerning IEP’s proposal, it would not be the best use of parties’ time to investigate other models, unless there is some demonstrable flaw in the models presently being developed. The development of the current models has been done with considerable (and complicated) rigor – a standard which a new model would need to achieve. Rather than expending a considerable amount of effort creating new models, all parties’ resources will be better spent enhancing the current models and assumptions that are used in those models.

C. TURN’S Proposed Model Validation Process Is The Same As The Efforts Already Undertaken In Phase 1A

TURN describes the need for a model validation process in its opening comments, at pp. 2-3 of its Opening Comments. The process described includes workshops, data requests, and

⁷ ORA’s Opening Comments, p.5.

⁸ ORA’s Opening Comments, p.5.

party comment opportunities. SCE provided TURN with all of the input assumptions and the output of its modeling efforts through extensive data requests. SCE has conducted workshops on its modeling efforts, and parties have had an opportunity to comment on SCE's modeling effort through reply testimony. In fact, SCE placed a large amount of data and detailed results on servers, which are available to the public. Much of this data was created in response to TURN's data requests. SCE is unsure of what TURN envisions in Phase 1B that is different from the efforts already undertaken in Phase 1A. SCE is willing to work with TURN to answer questions about modeling data to assist TURN's understanding and validation of the modeling effort. However, SCE does not understand how TURN's validation process would differ from efforts already undertaken and therefore, the Commission should reject this proposal.

D. Contrary To TURN'S Assertions, The Flexibility Tools From The Resource Adequacy Proceeding Will Not Work Effectively In This Long Term Resource Planning Effort

TURN suggests that "the modeling review process should coordinate with the models being used and possibly developed the assess flexibility needs in Rulemaking (R.) 14-02-001 and R.14-10-010."² SCE cautions that it may be difficult to harmonize models developed for different purposes that also provide forecasts over significantly different time periods.¹⁰ Specifically, resource adequacy looks at a one-year time horizon while LTPP looks at a ten-year horizon.

² TURN's Opening Comments, p. 6.

¹⁰ SCE is not opposed to studying long-term implications of Resource Adequacy in a manner similar to LTPP modeling but believes that it should not occur in this proceeding.

V.

THE COMMISSION SHOULD DEVELOP A RELIABILITY STANDARD IN PHASE 1B

CAISO, SCE, ORA, CLECA, LSA, and NRG all recommend that the Commission develop a reliability standard in Phase 1B.¹¹ As SCE noted in its Phase 1A Testimony and in its opening comments, SCE supports the use of a one Stage 3 Emergency Event in 10 years standard, and strongly recommends that the Commission choose a reliability standard that all parties can use consistently going forward.

VI.

SCE CONCURS WITH PG&E AND CALWEA THAT THE COMMISSION SHOULD DEVELOP A LONG-TERM RENEWABLE INTEGRATION ADDER IN THIS 2014 LTPP

PG&E and CALWEA both recommend that Phase 1B be used to establish a methodology to calculate and periodically update a long-term renewable integration adder.¹² SCE supports development of such a renewable integration adder in Phase 1B of the 2014 LTPP.

VII.

CONCLUSION

For the reasons identified above, SCE supports adoption of the nine-point plan with modifications to assure:

- That the Commission will not offer policy guidance on minimizing GHG emissions in this 2014 LTPP, but will wait until the 2016 LTPP to develop such

¹¹ CAISO's Opening Comments, p. 2, SCE's Opening Comments, p. 8, ORA's Opening Comments, p. 5, CLECA's Opening Comments, p. 2, LSA's Opening Comments, p. 2, and NRG's Opening Comments, pp. 3-4.

¹² PG&E's Opening Comments, p. 2 and CalWEA's Opening Comments, pp. 1 and 3.

guidance after the State has fully considered the CES proposal for reducing GHG emissions;

- Development of a reliability standard for stochastic studies in Phase 1B, as several parties recommend; and
- Development of a renewable integration adder in Phase 1B of the 2014 LTPP.

Respectfully submitted,

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